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National Tea Co.

ANNUAL REPORT

December 31st, 1921

Chicago, Illinois, June 15, 1922

1000 CROSBY ST., CHICAGO, ILL.

June 15th, 1922.

To the Stockholders of the National Tea Co.

Dear Sir or Madam:

I take pleasure at this time, in presenting to you the Annual Report of the National Tea Co., for the year 1921, as you will see from the Balance Sheet and Income and Surplus Account set out on the opposite page, the Company had a very successful year. The result of operations for the year shows a net profit after provision for Federal Taxes of $534,042.50 as compared with $166,739.00 for the year 1920 and $303,179.02 for the year 1919.

While it will be noticed that the sales for the year amounting to $16,283,146.53 were less than the previous year by $2,422,833.01, it must be borne in mind that this reduction in sales is not in reality a reduction in business as same is caused by the added purchasing power of the dollar as evidenced by the fact that our tonnage for the year 1921 was greatly in excess of the year 1920 and in fact very much greater than at any time in the history of the Company.

The total stores in operation at December 31, 1921, were 261 as compared with 163 at December 31, 1920. The exceptionally large increase in stores over the previous year is largely due to the purchase on November 21, 1921, of the merchandise and fixtures of eighty-eight (88) stores formerly operated by the Co-operative Society of America. This purchase coming in at the end of 1921 considerably delayed the presenting of this report.

With regard to the year 1922, although competition is keen, I feel that we may look forward with optimism to the result, particularly as prices have been very much more staple and more nearly normal in 1922 than at any other time during the last two or three years.

Yours very truly,

GEO. RASMUSSEN, President.

BALANCE SHEET, DECEMBER 31, 1921

ASSETS

PROPERTIES (at book values less depreciation)—			
Land and Buildings		$1,175,878.81	
Machinery and Fixtures		404,554.90	
Automobiles, Horses, Wagons etc.,		129,027.03	
Sundry Equipment		11,609.87	$1,721,070.61
GOODWILL			52,373.88
CURRENT ASSETS—			
Inventories of Merchandise and Supplies			
On Hand	$1,649,257.48		
In Transit	244,849.68	$1,894,107.16	
Accounts and Notes Receivable	$411,517.76		
Less Reserve for Bad and Doubtful Accounts.	15,688.35	395,829.41	
Employees' Liability on Stock Purchase		199,324.90	
Investments—			
National Tea Company-Minneapolis	$60,000.00		
The Red Ball Stores, Inc	87,830.09	147,830.09	
Cash on Hand, in Banks and in Transit		158,943.49	
Total Current Assets			$2,796,035.05
INVESTMENT—			
National Tea Co. Preferred Stock			90,329.75
DEFERRED CHARGES—			
Premiums Advanced to Customers-Proportion Unearned-(Less Reserves), Prepaid Taxes, Insurance and Rent			93,809.02
REORGANIZATION EXPENSE (Less Proportion Written Off)			87,916.66
			$4,841,534.97

LIABILITIES

PURCHASE MONEY OBLIGATIONS			$ 191,027.27
CURRENT LIABILITIES—			
Notes Payable		$ 553,748.75	
Accounts Payable—			
Current	$628,199.61		
Payroll and Commissions	57,833.97		
Interest and Taxes	48,193.59		
Employees' Deposits	8,043.46		
Dividends Accrued and Unpaid	15,185.50		
Estimated Provision for Federal Income and Profits Taxes	200,000.00	957,456.13	
Total Current Liabilities			1,511,204.88
RESERVES—			
Insurance		$7,307.92	
Estimated Liability on Coupons Outstanding		3,401.51	
Accidents		2,968.91	13,678.34
PROFIT ON SALE OF BUILDING-DEFERRED			18,554.80
PREFERRED STOCK 7 PER CENT CUMULATIVE—			
Authorized 15,000 shares of $100.00 each		$1,500,000.00	
Issued 10,000 shares of $100.00 each			1,000,000.00
COMMON STOCK—			
Represented by 20,000 shares of no par value			887,139.20
SURPLUS—			
Appropriated For Redemption of Preferred Stock		$ 120,833.33	
Unappropriated		1,099,097.15	1,219,930.48
			$4,841,534.97

INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDING DECEMBER 31, 1921

Sales		$16,283,146.53
Net Operating Profit		$ 732,973.91
Estimated Federal Income and Profits Taxes		198,931.41
Net Profit after deducting Federal Taxes		$ 534,042.50
Surplus as at January 1, 1921		730,060.38
		$ 1,264,102.88
Less Sinking Fund Provision.	$50,000.00	
Preferred Stock Dividends	65,005.73	
Common Stock Dividend	50,000.00	165,005.73
Unappropriated Surplus as per Balance Sheet Above		$1,099,097.15